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REPORT

CENTRAL INTELLIGENCE AGENCY INFORMATION REPORT

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East Germany/Austria

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SUBJECT

Activities of Reich (fnu) in Austrian-East

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PLACE ACQUIRED German Trade

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THIS IS UNEVALUATED INFORMATION

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- 1. On 3 March 1953 (Inw) Reich of the firm Lagner & Co., Kommandit Semelischaft Amort und Import, vienna I, Krugerstr. 1, and another Austrian, (fra) Mader, attended a meeting at 61 Friedrichstrasse, the offices of the Doutsche Larenvertriebsgesellschaft (D.V).
- 2. Also present at the meeting were (fnu) Holmelin of the East German Ministry for Domestic and Porcign Trade, Main Dopartment for Trade Molicy; an unknown representative of the Last German linistry for Machine Construction: an unidentified representative of the Last German Ministry for Light Industry; and the directors of the following last German factories: Astra, intima (formerly Clympia), Rheinmetall, etc.
- 3. Roben has built up in Sustria a large trade in Last Cerman office machinery. Allogedly he handles half of the Austrian needs in this field. His turnover in 1971 was 2000,000 and in 1952 close to 1,000,000. His transactions are conducted in the form of a multiple goods (global) trade agreement between his firm and the D.V. As barter items from Austria, Reich delivers high-grade year housings (hochwertige Zahnradgetriebekaesten) for Miles planing machines.
- 4. Reich complained bitterly that the director of USIA rurchased Rheinmetall typewriters in ast Germany at a special rate, claiming that they were for the use of boviet offices in vienna. He then sold these tyrewriters on the general market for 1,000 Schillings 1 ss than the market grice. Reich complained that this caused him to loce a great deal of business.
- 5. At a later meeting Reich further complained that he and Mader had suffered losses amounting to 317,000,000 as a result of the USIA deal, because of court action resulting from third country trade transactions, from difficulties arising from broken patent laws, etc.
- 6. (Final) Litephanowitsch, Director of DIA Feinmechanik und Optik, assured Reich and Rader that this loss would be made good, and that the matter was already in the hands of Euxt Cregor, Last German Foreign Trade Linister. 3
- OA IN Larch 1953, the following persons attended a meeting in the Derolina Your on Alexandernlatz, Last Lerlin: Reich, Mader, Stephanowitsch, two representatives of the Lammer fuer Aussenhandel, a representative of the V and a representative of the Last Corman Ministry for Bonestic and

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Foreign Trade, Machine Construction. At this meeting Reich and Mader were told that two representatives of the DWV were Leaving for Austria where they would attempt to straighten out the difficulties caused by the director of USIA.

8. Reich is a typical Viennese businessman. He is not greatly hapressed by the political difficulties the East German trade authorities may encounter because of his activities. His primary interest is commercial.

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Comment. The general director of USIA was also in East Berlin on 3 March 1953 and visited (fmu) Werner of DWV.

2/ Comment. Reich and Mader are the only Austrian representatives for East Germany in the field of precision mechanics and optics. All transactions they handle in this field are via the DWV.

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